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# UP & DOWN WALL STREET

By ALAN ABELSON

CIA. How naive can you get? We always thought those initials stood for Central Intelligence Agency. But now we know better. They really stand for Casey Investing Again. Thanks to the compulsory disclosure of our leading civil servants' finances, we can report that Mr. Casey, director of the CIA, in other words, the nation's Supersleuth, loves to trade stocks and bonds. What's more, he's very good at it. His timing particularly is great. Last August, for example, he was among the first to hear the mighty roar of the bull, and they didn't have to ring the bell more than once. From August 20 through the end of that memorable, fantastic month, he made no fewer than 16 buys, in the process pouring something between \$410,000 and over \$1 million into the market. Moreover, he also snatched up three-quarters of a million bucks worth of Treasury bills. So much for the sneerers and scoffers who objected to Mr. Casey's appointment on the grounds he lacked commitment. He'd have made an even greater commitment if he hadn't run out of dimes calling his broker.

What's more, Mr. Casey grabbed the bull by the horns and rode its wonderful charge all the way up, continuing to buy vigorously right through December. In that critical stretch from late August to late September, he put something in the range of \$1.5 million and \$2.2 million into the market. That's the kind of fellow we want running the spy store: nerves of steel, no shivering and shaking, no tremulous trembling before the threat of nuclear war or a 100-point correction.

We've not a scintilla of doubt that the small-minded souls in Washington, those cocktail-party cynics, who are always selling America short, will carp that Mr. Casey can't tend his portfolio with such diligence and still discharge his obligations as head of the CIA. Well, we just wish they'd stop squawking long enough to think it through.

To begin with, in his job, Mr. Casey is, of course, intimately involved with the country's security; so why shouldn't he be intimately involved with the country's securities? And, too, his trading activity

reflects a side of Mr. Casey that the general public rarely glimpses. To the overwhelming majority of the citizens of this great nation, he's a tough-minded, hard-nosed, strong-armed, two-fisted, iron-stomached, sure-footed man. But there's a touchingly sentimental strain in Mr. Casey as well. Remember, he was formerly head of the SEC, and he still has warm feelings for the many friends on Wall Street he made while in that post. Every chance he gets, accordingly, he tries to throw a little business their way. And, in turn, he's a beloved figure on the Street, where he's affectionately known as Churner Casey.

All told, Washington Editor Tom Donlan reckons, Casey did 136 separate transactions last year in securities. As you might expect for anyone connected with a spook agency, he's very much interested in technology. Hence his purchases of MCI (the CIA in the normal course of business does a lot of phone tapping, so it's natural that he'd be attracted to that feisty outfit that's giving AT&T a run for its money). No surprise, either, what with the world going to pot, a global gumshoe like Mr. Casey would have a weakness for drugs, and his portfolio was chock full of Abbotts, Mercks and Bristol-Myerses. Nor was he put off by the Tylenol scare—he knew from secret reports that the episode wasn't, as widely rumored, part of an international conspiracy, so he bought Johnson & Johnson.

CIA people, of course, are always sending out messages to the far corners of the earth from little radio transmitters tucked away in the fillings in their teeth, so Mr. Casey's appreciation for communications is also no mystery, and, we're pleased to report, he made a very pretty penny in Capital Cities. And, of course, motels and motor inns, every addict of spy stories knows, are favorite drops for secret weather forecasts for Newark, Miami and other exotic places. Which explains why Mr. Casey picked up some shares of La Quinta Motor Inns and good old Marriott. Computers are big these days in the Company, for simulating wars in Central America and for playing chess while waiting for crises to erupt (there are slow stretches at the CIA; sometimes you can go for days without a crisis erupting, and, then, wouldn't you know!, you get three-four at a time). Hence his holdings of Digital Equipment.

Mr. Casey also was a buyer of Paradyne, a company that's subsequently come under some-

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# CIA chief's investment policy is defended

By Vernon A. Guidry, Jr.  
Washington Bureau of The Sun

Washington — CIA Director William J. Casey hasn't given his private investment counselors any information, secret or otherwise, to guide their handling of his money, according to the financial expert who has handled his investments for 20 years.

The statement by Mr. Casey's counselor, Richard Cheswick, was issued yesterday by the Central Intelligence Agency itself, a day after the agency released Mr. Casey's 1982 financial disclosure report which listed stock and bond transactions worth hundreds of thousands — perhaps millions — of dollars. Most of the transactions occurred last summer.

Mr. Cheswick said in the statement that he has the authority to make changes in Mr. Casey's holdings without consultation and does so based on the same information used on behalf of other clients.

"There have been no instances whatever during Mr. Casey's service as director of the Central Intelligence Agency that he has provided me with any information or special analyses which could be used as an aid in making these decisions," Mr. Cheswick's statement read.

Mr. Cheswick said the large stock sales of the third quarter of 1982 were made "to improve the safety and diversification of the portfolio. Approximately 40 percent of the proceeds were used to purchase other stocks and 60 percent to buy bonds. This activity made for a large dollar value of transactions but much of this simply reflected the rolling over of temporary short-term securities."

No wrongdoing has been alleged on Mr. Casey's part, but his conduct with respect to his large financial holdings has been a matter of controversy. When he took office, he declined to place his holdings in a "blind trust," which his two predecessors, Adm. Stansfield Turner and George Bush, had done.

His 1981 financial disclosure statement showed that he sold more than \$600,000 in oil stocks. That year, oil stock prices plummeted when a worldwide oil glut developed.

Critics at that time said that no matter how innocent Mr. Casey's stock dealings had been, he still opened himself to the suspicion that he had been using for personal gain. He was seen as one of the few men in the nation privy to all U.S. intelligence.

In response to the 1981 controversy, the CIA established a screening process for Mr. Casey's holdings. At the time, the CIA's general counsel, Stanley Sporkin, told reporters: "I'm not going to let him get himself into trouble."

In practice, however, the screening process examines only instances in which CIA financial dealings, such as contracts, might involve a conflict with Mr. Casey's holdings.

According to Kathryn Riedel, an agency spokeswoman, lists of Mr. Casey's holdings are circulated to CIA officials. When they spot a potential conflict — most typically a contract about to be awarded to a firm in which Mr. Casey has an interest — they notify Mr. Sporkin and John McMahon, the CIA's deputy director.

These two then decide whether the matter is of sufficient import to be brought to Mr. Casey's attention. If it is, she said, he can decide whether to recuse himself from consideration.

The CIA declined to say when, or even whether, the screening process had been put into practice.

Ms. Riedel said she could say only that the system was "fully implemented and serving its intended purpose."

A 1981 Senate Intelligence Committee investigation of Mr. Casey's financial disclosures found that he was "at a minimum inattentive to detail."

The investigation found that in reporting to the committee on his business and financial dealings, he neglected to mention nine investments valued at more than \$250,000, personal debts and liabilities of nearly \$500,000, a number of corporations or foundations on whose boards he served, four civil suits in which he was involved and more than 70 clients he had represented in private practice, including the South Korean and Indonesian governments.

At the White House, a spokesman said Mr. Casey's current practices had been approved by the appropriate agencies.



**Lars-Erik  
Nelson**

## The CIA gold mine

\$3.7 million and \$7.3 million. It is impossible to tell whether or not he made a profit from these deals—but he reported an income, above his government salary last year, of between \$500,000 and \$1 million.

Of course, the government has imposed conflict-of-interest rules to restrict Casey's actions. But the rules penalize the government—not Casey. If a situation arises in which his personal financial holdings are affected, he is supposed to disqualify himself from taking part in the government's deliberations. His property comes first.

A CIA spokesman yesterday quoted Casey's financial adviser, Richard Cheswick, as saying that he made his decisions about Casey's stock holdings with no advice or special analysis from the CIA director. Cheswick appeared to be claiming that Casey had effectively established a "blind trust" for his holdings, but still the appearance remained that the nation's top intelligence officer is able to profit from his knowledge.

Possible conflicts are screened not by an impartial outside agency but by two of Casey's subordinates, Deputy Director John McMahon and CIA General Counsel Stanley Sporkin. Ironically, Sporkin was once chief of enforcement for the Securities and Exchange Commission, and vigorously pursued corporate executives guilty of insider trading.

Other Reagan administration officials are also millionaires with advance access to confidential information. Defense Secretary Caspar Weinberger, for example, reports a

worth between \$1.5 million and \$1.9 million. Secretary of State Shultz is worth between \$2 million and \$3 million. Both have access to the daily "take" of the intelligence agencies. Both know where in the world it is safe to invest, and where a prudent businessman might cut back on his holdings.

But the standard practice, required of all top government officials apart from Casey, is that they either set up a blind trust—so that they have no knowledge of how their holdings are bought and sold—or divest themselves of any property that could conflict with their job.

The standards for Casey were set up by the CIA last year, following disclosure that he had unloaded more than \$600,000 in oil stocks just before the bottom fell out of the market. The CIA had been predicting, until 1981, that the Soviet Union would start to run out of oil in the mid-1980s—adding to worldwide shortages and boosting prices.

**B**UT IN 1981, the CIA changed its mind. The Soviets are still exporting oil. OPEC is in disarray, there is a worldwide oil glut and prices may sink even further. William Casey is safely out of oil stocks.

He has done nothing illegal. According to CIA spokesman Dale Peterson, when Casey sees a possible conflict of interest between his job and his financial holdings, "If he decides he wants to continue making decisions in that area, he will sell the stock." If he'd rather make the money, he can simply take the day off.

**W**ASHINGTON—Imagine sitting like the legendary Dr. Fu Manchu at the center of a far-flung spiderweb of public, private and clandestine intelligence, with advance access to virtually anything that can be known: OPEC oil production plans, impending African coups, looming bauxite shortages, potential Soviet crop failures, religious unrest in the Persian Gulf—even a possible World War III.

Imagine too that you have the security of a high-paid government job, and thousands of confidential agents at your disposal. Imagine, again, that you are perfectly free to use any and all of this government-gathered inside information for your own gain on the stock market.

This dream, which would make many drool with greed and envy, is the daily reality for William Casey, director of the Central Intelligence Agency. For Casey, while serving as head of the CIA, has been a heavy player in the stock market. During 1982, according to a statement he has filed, he bought between \$3.8 million and \$7.8 million in stocks, bonds and other securities. He sold between

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ON PAGE A-1WASHINGTON TIMES  
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# CIA's director traded millions during bullish '82 market rise

Associated Press

CIA Director William J. Casey, who sees the government's most secret economic data, traded heavily in last year's bullish stock market, buying and selling several million dollars worth of stocks and other securities, according to his financial disclosure statement.

Casey joined thousands of other investors in buying large amounts of stock in the weeks after the major bull rally started in mid-August, his annual statement shows. On one day alone, Aug. 26, Casey bought stock in eight companies with the purchases totaling from \$335,000 to \$765,000.

All told, in 1982 Casey bought stock worth from \$1.9 million to \$4.5 million—much in the electronics and drug industries—while selling stock worth at least \$1 million and possibly more than \$2.1 million, the form showed.

He apparently financed his stock purchases by selling off large amounts of U.S. Treasury bills. Exact amounts for his sales and purchases were impossible to determine because government disclosure forms list values within broad ranges.

Unlike his two CIA predecessors and other top Reagan administration officials with access to similar confidential economic data, Casey did not put his extensive stock portfolio into a blind trust or sell any stock as a condition of employment.

But following release of Casey's disclosure form last year, which showed he had sold more than \$600,000 in oil stock as a glut developed in world markets in 1981, the CIA established a "screening arrangement" aimed at preventing him from taking official actions for personal gain.

The new system permitted Casey

to continue buying and selling stock but required that deputy director John McMahon and other senior CIA officials regularly review Casey's stock transactions for possible conflicts of interest.

Asked whether that screening arrangement had been set in motion by any of Casey's 1982 transactions, CIA spokeswoman Kathryn Riedel said, "The arrangement is fully implemented and serving its intended purpose."

Riedel added that day-to-day management of Casey's portfolio remains in the hands of a private investment adviser, Richard Cheswick, although Casey retains ultimate control.

Disclosure forms for Casey and many other high-ranking administration officials were released Tuesday.

- Secretary of Labor Raymond Donovan listed outside income of at least \$130,000, possibly as much as \$211,000. He had reported outside income of at least \$562,874 on last year's form.

- U.S. Trade Representative William Brock made at least \$51,000 in addition to his government income last year, nearly all of it from a blind trust he set up.

- Senior White House aides accepted cigars, airline travel, a clock and a crystal ashtray as gifts during 1982.

According to the disclosure form, Casey doubled his number of transactions in 1982 compared with 1981. He listed 136 sales and purchases last year and 67 transactions his first year in office.

Some of pharmaceutical firms that Casey bought stock in—Abbott Laboratories, Bristol-Myers and Johnson & Johnson—have subsidiaries in Central America, an area where the CIA has taken an increasing interest and is conducting clandestine activities aimed at countering leftist revolution.

The form shows that Casey and his wife earned at least \$478,600 and possibly more than \$959,600 in outside income in 1982, mostly from dividends and capital gains on their investments. As a Cabinet-level official, Casey also receives \$80,100 in annual salary.

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William Casey

## CIA's chief reports big stock deals

From Chicago Tribune wires

WASHINGTON — Central Intelligence Agency Director William J. Casey, who has access to the government's most secret economic data, traded heavily in the stock market last year, buying and selling several million dollars worth of stocks and other securities, according to his financial disclosure form released Tuesday.

According to the form, Casey bought stock worth from \$1.9 million to \$4.5 million, valued at the dates of purchase, while selling stock worth at least \$1 million and possibly more than \$2.1 million. Casey apparently financed his stock purchases by selling U.S. Treasury bills, the form showed.

Exact amounts for his investments were impossible to determine because government-disclosure forms list the values within broad ranges.

Unlike his two CIA predecessors and other top Reagan administration officials with access to similar confidential economic data, Casey did not put his extensive stock portfolio into a blind trust or sell any stock as a condition of employment.

FOLLOWING RELEASE of last year's disclosure form, which showed Casey selling more than \$600,000 in oil stocks as a glut developed in world markets, the CIA established a "screening arrangement" aimed at preventing him from taking official actions for personal gain.

The new system permitted Casey to continue buying and selling stock but required that deputy CIA director John McMahon and other senior CIA officials regularly review Casey's stock transactions for possible conflicts of interest.

Asked whether that screening arrangement had been triggered by any of Casey's transactions, CIA press aide Kathryn Riedel said, "The arrangement is fully implemented and serving its intended purpose." She refused further comment on the procedure.

The form shows that Casey dropped most of his remaining holdings in the oil industry last year, stock which just two years ago dominated his portfolio. Many of Casey's new purchases were in computers, electronics, drug manufacturing, restaurant and hotel chains and airlines.

CASEY BOUGHT large amounts of shares in such firms as Abbott Laboratories, Bristol-Myers Corp., Johnson & Johnson Corp., Digital Equipment Corp. and Schlumberger Ltd., all firms with extensive international operations.

During 1982, Casey sold U.S. Treasury securities worth at least \$2.4 million and possibly more than \$3.7 million while buying federal obligations worth at least \$1.3 million and possibly more than \$2.1 million.

Financial disclosure statements also showed that two of President Reagan's top economic officials—Treasury Secretary Donald Regan and Commerce Secretary Malcolm Baldrige—made more in outside income than they did from their government jobs in 1982.

However, their incomes were considerably lower than in 1981, when both were still receiving substantial payments from former employers.

THE STATEMENTS also showed a big change from 1981 for Agriculture Secretary John Block, whose liabilities grew by at least 40 percent since his last report.

At the same time, the value of Block's assets, primarily in his Illinois pig, corn and soybean farm and other real-estate holdings, have remained stable, ranging from \$3 million to \$3.8 million.

Block's liabilities ranged in value from \$7.1 million to \$9.9 million at the end of 1982, two to three times the value of his assets. At the end of 1981, he showed liabilities of \$5 million to \$6.8 million.

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